

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Maple Forest Township	County Crawford
Audit Date 6/30/04	Opinion Date 11/15/04	Date Accountant Report Submitted to State: 12/15/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

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LOCAL AUDIT & FINANCE DIV.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Keskine, Cook, Miller & Alexander, LLP			
Street Address 100 West First Street	City Gaylord	State MI	ZIP 49735
Accountant Signature <i>Rachel Frisch</i>			

TOWNSHIP OF MAPLE FOREST
CRAWFORD COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004

TOWNSHIP OFFICIALS

SUPERVISOR

MARK KNISS

CLERK

SANDRA BAYNHAM

TREASURER

DENISE BABBIT

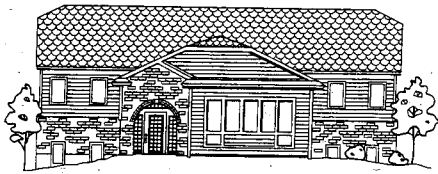
TRUSTEES

MARK ARMSTRONG

BERNARD FELDHAUSER

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Keskin, Cook, Miller & Alexander LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Walter J. Keskin, C.P.A.
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INDEPENDENT AUDITOR'S REPORT

November 15, 2004

To the Township Board
Maple Forest Township
Crawford County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund activities, and the aggregate remaining fund information of the Township of Maple Forest, as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the major fund activities and the aggregate remaining fund information of the Township of Maple Forest as of June 30, 2004, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

The management's discussion and analysis on pages 3-5 and budgetary comparison information on pages 25-29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Keskine Cook Miller & Alexander LLP
KESKINE, COOK, MILLER & ALEXANDER, LLP

Maple Forest Township



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MAPLE FOREST TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2004

This section of the Maple Forest Township annual financial report presents our discussion and analysis of the entity's financial performance during the fiscal year ended June 30, 2004.

FINANCIAL HIGHLIGHTS:

Our financial status improved over the last year. Assets totaled approximately \$550,000, of which \$159,000 represents capital assets net of accumulated depreciation.

Overall revenues approximated \$190,000. Of this total, \$90,000 represents program revenues, consisting mainly of charges for services and program-specific contributions; \$100,000 represents general revenues, primarily comprised of property tax income and state shared revenues.

Expenditures for the Township totaled \$98,000. Major expenditures include township administration, township hall and grounds, and fire protection.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township.

The first two statements are government-wide financial statements and provide both long and short-term information about the overall financial status of the Township.

The remaining statements are fund financial statements which focus on individual parts of the entity in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities; this is one method to measure financial health or position.

Over time, increases and decreases in net assets are an indicator of whether financial position is improving or deteriorating. However, to assess overall health of the Township, you may also have to consider additional factors such as tax base changes, economic conditions, and facility conditions.

All of the activities of the Township are reported as governmental activities. The Township does not engage in any business-type activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds, not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. They also may be created by the Township Board. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Township has the following kinds of funds:

Governmental Funds

All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that differences between the government-wide statements and the fund statements are disclosed to explain the differences between them.

Fiduciary Funds

The Township acts as a trustee or fiduciary for assets that belong to others. The Township maintains these funds and is responsible for insuring that the assets of these activities are distributed according to their intended purpose and at the direction of those to whom the funds belong. These activities do not appear in the government-wide financial statements since the assets do not belong to the Township.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets-the Township's net assets for the year ended June 30, 2004 totaled \$551,446, an increase from the prior year of \$94,431.

The increase in net assets is due primarily to the contributions received by the Township from the landfill for Public Improvements.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

General Fund – State shared revenue continued to decrease but was offset by the increase in taxable values of properties within the Township. Expenditures remained constant.

Fire Fund – The fire department collected property tax dollars and paid a contractual fee to the Frederick Fire Department for fire protection services. A portion of the contractual fee was paid with monies transferred over from the Public Improvement Fund.

Public Improvement Fund – The landfill within the Township is required to pay a fee to the Township to be used for public improvements. A portion of the fees received were transferred to the General Fund for small capital outlay purchases and to the Fire Fund for contractual services.

Township Improvement Fund – There has been no activity in this fund during the fiscal year.

CAPITAL ASSET AND LONG TERM DEBT ACTIVITY

Capital Assets

The Township purchased no capital assets during the year.

Long-Term Debt


The Township has no outstanding long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

Some known factors are that the Township will continue to receive less money for Revenue Sharing and from the State for the next few years.

CONTACTING ENTITY MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and interested parties with a general overview of the Township's finances and to demonstrate its accountability for the revenues it receives. If you have questions concerning this report, please contact Maple Forest Township, 8996 N. Sherman Road, Grayling, MI 49738.



Mark Kniss, Supervisor
Maple Forest Township

**TOWNSHIP OF MAPLE FOREST
STATEMENT OF NET ASSETS
JUNE 30, 2004**

		ASSETS	
Current Assets:			
Cash			
Investments		\$	27,769
Accounts Receivable			326,149
Due from Other Governments			24,978
			14,026
Total Current Assets			<u>392,922</u>
Non-Current Assets:			
Capital Assets			
Accumulated Depreciation			187,576
			(28,778)
Total Non-Current Assets			<u>158,798</u>
Total Assets			<u>551,720</u>
		LIABILITIES	
Current Liabilities:			
Accrued Liabilities			274
		NET ASSETS	
Invested in Capital Assets			
Restricted for:			158,798
Public Improvement			
Fire Protection			352,785
Unrestricted			7,659
			32,204
Total Net Assets		\$	<u><u>551,446</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF MAPLE FOREST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

	P R O G R A M R E V E N U E S					NET REVENUE/ (EXPENSE) & CHANGE IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRI- BUTIONS	CAPITAL GRANTS & CONTRI- BUTIONS		
GOVERNMENTAL ACTIVITIES						
Township Administration	\$ (55,584)	\$ 5,400	\$ -	\$ -	\$	(50,184)
Township Hall and Grounds	(17,311)	120	-	-		(17,191)
Fire Protection	(21,751)	-	-	-		(21,751)
Cemetery	(3,398)	300	-	-		(3,098)
Public Improvements	-	-	84,827	-		84,827
Total Governmental Activities	(98,044)	5,820	84,827	-		(7,397)
GENERAL REVENUES						
Property Taxes, Levied for:						
General Operations						14,603
Fire Protection						16,248
Investment Earnings						25,900
State Shared Revenue (not restricted to specific purpose)						34,457
Other						10,620
Total General Revenues						101,828
Change in Net Assets						94,431
Net Assets, Beginning of Year						457,015
Net Assets, End of Year					\$	551,446

See accompanying notes to financial statements.

**TOWNSHIP OF MAPLE FOREST
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

	MAJOR FUNDS			TOTAL
	GENERAL	PUBLIC IMPROVE- MENT	NON-MAJOR FUNDS	
ASSETS				
Cash	\$ 15,233	\$ 7,158	\$ 5,378	\$ 27,769
Investments	-	320,649	5,500	326,149
Accounts Receivable	-	24,978	-	24,978
Due from Other Governments	11,745	-	2,281	14,026
Total Assets	26,978	352,785	13,159	392,922
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accrued Liabilities	274	-	-	274
Fund Equity:				
Fund Balance, Reserved for:				
Public Improvement	-	352,785	-	352,785
Fire Protection	-	-	7,659	7,659
Fund Balance, Designated for:				
Township Improvement	-	-	5,500	5,500
Fund Balance, Unreserved, Undesignated	26,704	-	-	26,704
Total Fund Equity	26,704	352,785	13,159	392,648
Total Liabilities and Fund Equity	\$ 26,978	\$ 352,785	\$ 13,159	\$ 392,922

See accompanying notes to financial statements.

**TOWNSHIP OF MAPLE FOREST
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

**TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES (PER
BALANCE SHEET)**

\$ 392,648

Amounts reported for governmental activities in the Statement of Net
Assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not used in the funds

158,798

**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER
STATEMENT OF NET ASSETS)**

\$ 551,446

See accompanying notes to financial statements.

**TOWNSHIP OF MAPLE FOREST
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

	MAJOR FUNDS			
	GENERAL	PUBLIC IMPROVE- MENT	NON-MAJOR FUNDS	TOTAL
REVENUES				
Property Taxes	\$ 14,603	\$ -	\$ 16,248	\$ 30,851
State Revenue Sharing	43,247	-	-	43,247
Charges for Services	7,651	-	-	7,651
Impact Fee Revenues	-	84,827	-	84,827
Interest	5,840	20,060	-	25,900
Total Revenues	71,341	104,887	16,248	192,476
EXPENDITURES				
General Government	71,693	-	-	71,693
Fire Protection	-	-	21,751	21,751
Total Expenditures	71,693	-	21,751	93,444
Excess (Deficiency) of Revenues over Expenditures	(352)	104,887	(5,503)	99,032
OTHER FINANCING SOURCES/(USES)				
Operating Transfers In	9,389	-	6,050	15,439
Operating Transfers Out	-	(15,439)	-	(15,439)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	9,037	89,448	547	99,032
Fund Balance - Beginning of Year	17,667	263,337	12,612	293,616
Fund Balance - End of Year	<u>\$ 26,704</u>	<u>\$ 352,785</u>	<u>\$ 13,159</u>	<u>\$ 392,648</u>

See accompanying notes to financial statements.

**TOWNSHIP OF MAPLE FOREST
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

99,032

Amounts reported for governmental activities in the Statement of Activities are different because:

Depreciation expense is recorded in the Statement of Activities but not the governmental funds

(4,601)

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES - PER STATEMENT OF ACTIVITIES

94,431

See accompanying notes to financial statements.

**TOWNSHIP OF MAPLE FOREST
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2004**

	ASSETS	
Cash		\$ 2,291
		<hr/>
	LIABILITIES	
Due to Others		2,291
		<hr/>
	NET ASSETS	
Net Assets Held in Trust for Others		\$ -
		<hr/> <hr/>

See accompanying notes to financial statements.

**TOWNSHIP OF MAPLE FOREST
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004**

ADDITIONS

Property Taxes, Interest, and Penalties Collected for Maple Forest Township	\$ 27,036
Property Taxes, Interest, and Penalties Collected for Other Units of Government	486,312
Total Additions	<u>513,348</u>

DEDUCTIONS

Property Taxes, Interest, and Penalties Remitted to Maple Forest Township	27,036
Property Taxes, Interest, and Penalties Remitted to Other Units of Government	486,312
Total Deductions	<u>513,348</u>

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

-
<u>-</u>
<u>\$ -</u>

See accompanying notes to financial statements.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE A: ENTITY

GENERAL

The Township of Maple Forest is a general law township of the State of Michigan located in Crawford County, Michigan. It operates under an elected board and provides service to its residents in many areas, including community enrichment and human services. The criteria established for the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all of the governmental functions of Maple Forest Township.

LANDFILL

A private landfill is located within the Township's borders. The landfill pays impact fees to the Township for the purpose of keeping the Township's land appealing to its citizens. The fees received by the Township are spent on Public Improvement, and are recorded in a separate fund in these financial statements.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of Maple Forest Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Township's financial activities.

The accounting policies of Maple Forest Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On July 1, 2003, the Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Township's financial statements has shifted from a fund focus to a government-wide focus.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT
PRESENTATION**

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities, such as tax collection activities.

Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Township does not engage in any business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Township reports the following major governmental funds:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

Public Improvement Fund - This fund is used to account for the impact fees collected from Waste Management (see also Note A) and spent for improvements.

The Township reports its Fire and Township Improvement Funds as non-major funds.

Other Funds

Fiduciary Fund - This fund is used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Township departments.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

- a) Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 15. A county revolving fund normally pays the balance of the Township's tax levy by May 31 each year.
- b) In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records property tax revenue on the lien date when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2003 are recorded as revenue in the current fiscal year.
- c) The Township 2003 tax roll millage rates were as follows:

PURPOSE	RATE/ASSESSED VALUATION
General	.84570 mills per \$1,000
Fire	.94110 mills per \$1,000

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CAPITAL ASSETS AND DEPRECIATION

The Township's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Estimated useful lives, in years, for depreciable assets are as follow	
Buildings and improvements	25 – 40 years
Land improvements	10 – 20 years
Machinery and equipment	5 – 10 years
Fire Vehicles	20 years

Land and construction in progress are not depreciated.

For information describing capital assets, see Note E.

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND
DISCOUNTS/PREMIUMS**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

ENCUMBRANCES

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

ACCUMULATED UNPAID BENEFITS

Employees are not allowed to accumulate vacation and sick pay; therefore, no accumulated amount has been recorded in these financial statements.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGET

Each year the unit formulates and adopts a budget as follows:

1. Prior to July 1, a preliminary budget is prepared for all funds.
2. Public hearings are held to obtain taxpayer comments.
3. Budget is adopted at the Township Board meeting in June each year.

The budget as prepared conformed to P.A. 621 of 1978.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional and activity basis. The approved budget of the Township for these budgetary funds were adopted on an Fund level using the modified accrual basis. Budgets as adopted end on June 30, of each year. There are no carryover budget items.

NOTE C: CASH AND INVESTMENTS

CASH DEPOSITS

The Township combines all funds except Trust and Agency (tax collection) monies into common checking and investment accounts. Combined balances at June 30, 2004, are as follows:

COMBINED CHECKING

General	\$ 15,233
Fire	5,378
Public Improvement	<u>7,158</u>
	<u>\$ 27,769</u>

The Township's deposits are categorized to give an indication of the level of risk assumed by the Township at fiscal year-end. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the Township or by its agent in the Township's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.
- Category 3 - Uncollateralized.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE C: CASH AND INVESTMENTS (CONTINUED)

	<u>BANK BALANCE</u>	<u>1</u>	<u>CATEGORY 2</u>	<u>3</u>	<u>CARRYING AMOUNT</u>
Combined Checking	<u>\$ 27,842</u>	<u>\$ 27,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,769</u>
Trust & Agency	<u>\$ 2,304</u>	<u>\$ 2,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,291</u>

INVESTMENTS

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's investments are as follows:

- (1) Insured or securities held by the Township or the Township's agent in the Township's name.
- (2) Uninsured with securities held by the counter party's trust department or its agent in the Township's name.
- (3) Uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

Investments are stated at cost, which approximates fair market value. Investments consist of securities with original maturities in excess of 90 days. Balances at June 30, 2004, consist of the following:

	<u>1</u>	<u>CATEGORY 2</u>	<u>3</u>	<u>CARRYING AMOUNT</u>
CD	\$ 31,545	\$ -	\$ -	\$ 31,545
Security Benefits Funds	69,854	154,833	-	224,687
Oppenheimer Funds	-	69,917	-	69,917
Total Investments	<u>\$ 101,399</u>	<u>\$224,750</u>	<u>-</u>	<u>\$326,149</u>

Investing is performed in accordance with a Township investment policy, complying with state statutes.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE D: RECEIVABLES

ACCOUNTS RECEIVABLE

Accounts receivable in the Public Improvement fund consist of \$24,978 due from the local landfill company and is based on tons of debris deposited in the landfill. Refer to Note A.

DUE FROM OTHER GOVERNMENTS

The amounts reported as Due from Other Governments in these financial statements consist of the following:

	<u>GENERAL FUND</u>	<u>FIRE FUND</u>
Delinquent taxes due from County	\$ 2,022	\$ 2,281
Tax collection fees due from School	4,000	-
State revenue sharing receivable	5,723	-
Totals	<u>\$11,745</u>	<u>\$ 2,281</u>

NOTE E: CAPITAL ASSETS

The following is a summary of the capital asset activity of the Township for the year ended June 30, 2004:

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>	<u>CAPITAL ASSETS DEPRECIATED</u>		
	<u>Land</u>	<u>Buildings & Components</u>	<u>Furniture & Equipment</u>	<u>Totals</u>
<i>Governmental Activities</i>				
Balance, July 1, 2003	\$ 5,000	\$ 162,239	\$ 20,337	\$ 187,576
Increases	-	-	-	-
Decreases	-	-	-	-
Balance, June 30, 2004	<u>5,000</u>	<u>162,239</u>	<u>20,337</u>	<u>187,576</u>
<i>Accumulated Depreciation</i>				
Balance, July 1, 2003	-	18,754	5,423	24,177
Increases	-	3,245	1,356	4,601
Decreases	-	-	-	-
Balance, June 30, 2004	<u>-</u>	<u>21,999</u>	<u>6,779</u>	<u>28,778</u>
<i>Governmental Activities</i>				
Capital Assets, Net	<u>\$ 5,000</u>	<u>\$ 140,240</u>	<u>\$ 13,558</u>	<u>\$ 158,798</u>

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE E: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Township as follows:

Governmental Activities

Township Administration	\$ 1,356
Township Hall & Grounds	<u>3,245</u>
Total	<u>\$ 4,601</u>

NOTE F: FUND BALANCE/NET ASSETS

CALCULATION OF BEGINNING NET ASSETS

The Township adopted GASB Statement No. 34 effective July 1, 2003. The following represents the reconciliation of the Townships fund balance as of July 1, 2003, to its beginning net assets balance, as presented in the Statement of Activities, for the year ended June 30, 2004:

Total Fund Balance, July 1, 2003	\$ 293,616
Record capital assets	187,576
Record accumulated depreciation	<u>(24,177)</u>
Beginning Net Assets, July 1, 2003	<u>\$ 457,015</u>

DESIGNATED FUND BALANCE

The Township Board has set aside \$5,500 as designated fund balance to be used for Township Improvements.

NOTE G: CONTINGENCIES

INSURANCE

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Township has purchased commercial insurance coverage for the above risks. There were no significant changes in coverage, nor were there any significant claims for the year. The Township also carries commercial insurance for other types of losses including employee health and accident insurance.

**TOWNSHIP OF MAPLE FOREST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE G: CONTINGENCIES (CONTINUED)

LANDFILL

A private landfill is located within the Township's borders. Both the Township and the owner are insured for potential calamities. The Township has no knowledge of any potential environmental liabilities with respect to the landfill.

NOTE H: PENSION PLAN

The Township established a defined contribution pension plan covering substantially all of its elected officials. Total pension expense for the year was \$1,926. Covered payroll amounted to \$21,180. Payments made to the plan vest immediately to the participants. The plan provides fully insured pension credits and each year's contribution is sufficient to fully fund the benefits earned during the year. Payments to the plan have been used only to purchase benefits. There are no separate plan assets.

TOWNSHIP OF MAPLE FOREST
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Property Taxes	\$ 17,600	\$ 17,600	\$ 14,603	\$ (2,997)
Interest	800	800	5,840	5,040
State Revenue Sharing	44,168	44,168	43,247	(921)
Refunds and Reimbursements	250	250	7,231	6,981
Rent	650	650	-	(650)
Charges for Services	5,500	5,500	420	(5,080)
Total Revenues	68,968	68,968	71,341	2,373
EXPENDITURES				
GENERAL GOVERNMENT				
Township Board:				
Trustee Salaries and Wages	2,550	2,550	2,145	405
Payroll Taxes	300	300	410	(110)
Pension Plan	-	-	1,926	(1,926)
Tax Roll Preparation Services	1,550	1,550	1,347	203
Assessing Services	8,400	8,400	8,622	(222)
Accounting and Legal Services	2,650	2,650	658	1,992
Education	500	500	214	286
Landfill Expenses	1,000	1,000	-	1,000
Communications	-	-	1,075	(1,075)
Printing and Publishing	600	600	1,846	(1,246)
Insurance, Bonds	6,230	6,230	4,923	1,307
Dues and Fees	350	350	531	(181)
Project Costs	-	-	3,700	(3,700)
Miscellaneous	7,200	7,200	2,118	5,082
Total Township Board	31,330	31,330	29,515	1,815
Supervisor:				
Supervisor Salary	5,700	5,700	5,650	50
Total Supervisor	5,700	5,700	5,650	50
Clerk:				
Clerk Salary	9,240	9,240	9,141	99
Deputy Salary	50	50	217	(167)
Total Clerk	9,290	9,290	9,358	(68)
Board of Review	1,095	1,095	1,043	52
Treasurer:				
Treasurer Salary	6,240	6,240	6,220	20
Deputy Salary	50	50	-	50
Total Treasurer	6,290	6,290	6,220	70

TOWNSHIP OF MAPLE FOREST
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
Township Hall:				
Office Supplies	700	700	1,643	(943)
Software and Technical Support	2,050	2,050	3,764	(1,714)
Repairs and Supplies	1,000	1,000	837	163
Lawn Care and Snow Removal	2,500	2,500	3,550	(1,050)
Utilities	3,360	3,360	4,023	(663)
Buildings and Improvements	20,000	20,000	250	19,750
Equipment and Furniture	500	500	-	500
Miscellaneous	-	-	2,442	(2,442)
Total Township Hall	30,110	30,110	16,509	13,601
Cemetery:				
Contracted Services	1,000	1,000	1,767	(767)
Repairs and Maintenance	-	-	1,631	(1,631)
Total Cemetery	1,000	1,000	3,398	2,398
Total Expenditures	84,815	84,815	71,693	13,122
Excess (Deficiency) of Revenues over Expenditures	(15,847)	(15,847)	(352)	15,495
OTHER FINANCING SOURCES				
Operating Transfers In	20,000	20,000	9,389	(10,611)
Excess (Deficiency) of Revenues and Other Sources over Expenditures	4,153	4,153	9,037	4,884
Fund Balance - Beginning of Year	17,667	17,667	17,667	-
Fund Balance - End of Year	\$ 21,820	\$ 21,820	\$ 26,704	\$ 4,884

**TOWNSHIP OF MAPLE FOREST
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Impact Fee Revenues	\$ 70,173	\$ 70,173	\$ 84,827	\$ 14,654
Interest	6,000	6,000	20,060	14,060
Total Revenues	76,173	76,173	104,887	28,714
OTHER FINANCING USES				
Operating Transfers Out	(20,000)	(20,000)	(15,439)	4,561
Excess (Deficiency) of Revenues over Other Financing Uses	56,173	56,173	89,448	33,275
Fund Balance - Beginning of Year	263,337	263,337	263,337	-
Fund Balance - End of Year	<u>\$ 319,510</u>	<u>\$ 319,510</u>	<u>\$ 352,785</u>	<u>\$ 33,275</u>

**TOWNSHIP OF MAPLE FOREST
COMBINING BALANCE SHEET
NON MAJOR FUNDS
JUNE 30, 2004**

	FIRE	TOWNSHIP IMPROVEMENT	TOTAL
ASSETS			
Cash	\$ 5,378	\$ -	\$ 5,378
Investments	-	5,500	5,500
Due from Other Governments	2,281	-	2,281
Total Assets	<u>7,659</u>	<u>5,500</u>	<u>13,159</u>
FUND EQUITY			
Fund Balance:			
Reserved for Fire Protection	7,659	-	7,659
Designated for Township Improvements	-	5,500	5,500
Total Fund Equity	<u>\$ 7,659</u>	<u>\$ 5,500</u>	<u>\$ 13,159</u>

TOWNSHIP OF MAPLE FOREST
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>FIRE</u>	<u>TOWNSHIP IMPROVEMENT</u>	<u>TOTAL</u>
REVENUES			
Property Taxes	\$ 16,248	\$ -	\$ 16,248
EXPENDITURES			
Fire Protection	21,751	-	21,751
Excess (Deficiency) of Revenues over Expenditures	(5,503)	-	(5,503)
OTHER FINANCING SOURCES			
Operating Transfers In	6,050	-	6,050
Excess (Deficiency) of Revenues and Other Sources over Expenditures	547	-	547
Fund Balance - Beginning of Year	7,112	5,500	12,612
Fund Balance - End of Year	<u>\$ 7,659</u>	<u>\$ 5,500</u>	<u>\$ 13,159</u>